

Message Text

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21

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-15 AID-05 EB-07

NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

LAB-04 SIL-01 PA-02 PRS-01 L-03 H-02 ABF-01 IGA-02

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R 301107Z SEP 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8706

INFO AMEMBASSY LONDON

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 14465

PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN IN

SUBJECT: INDIAN RUPEE REVALUED AGAIN

REF: NEW DELHI 14035

1. ON SEPTEMBER 29 THE RESERVE BANK OF INDIA (RBI) REVALUED THE INDIAN RUPEE AGAINST THE POUND STERLING BY 4.8 PERCENT. THIS WAS THE LARGEST OF THE NINE REVALUATIONS, INCLUDING THE FIRST OF SEPTEMBER 25, 1975, WHEN THE INDIAN RUPEE WAS DELINKED FROM THE POUND STERLING. THE TOTAL APPRECIATION OF THE RUPEE AGAINST THE POUND STERLING (INCLUDING THE SEPTEMBER 25, 1975 REVALUATION) HAS AMOUNTED TO 26.5 PERCENT.

2. THE NEW SPOT RATES FOR THE RUPEE ARE AS FOLLOWS:

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BUYING RATE: RS. 100 EQ 6.8259 POUNDS
ONE POUND EQ RS. 14.65

SELLING RATE: RS. 100 EQ 6.7797 POUNDS
ONE POUND EQ RS. 14.75

3. THIS YIELDS A NEW MIDDLE RATE OF RS. 100 EQ 6.8028 POUNDS (ONE POUND EQ RS. 14.70), COMPARED TO THE OLD RATE OF RS. 100 EQ 6.4935 POUNDS (ONE POUND EQ RS. 15.40) THAT WAS FIXED ON SEPTEMBER 21, 1976. THIS RESULTS IN A DEPRECIATION OF THE POUND STERLING AGAINST THE INDIAN RUPEE BY 4.6 PERCENT. TOTAL DEPRECIATION OF POUND STERLING AGAINST THE INDIAN RUPEE FOR THESE NINE REVALUATIONS OF THE RUPEE COMES TO 21 PERCENT.

4. THE RBI WILL CONTINUE TO ALLOW FORWARD BUYING OF STERLING FOR DELIVERY UP TO NINE MONTHS AT A RATE TO BE DETERMINED BY ADDING A MARGIN OF 0.0125 POUNDS FOR RS. 100 PER QUARTER OR PART THEREOF TO ITS SPOT BUYING RATE. THE FORWARD RATES WOULD BE RS. 100 EQ 6.8384 POUNDS, 6.8509 POUNDS, AND 6.8634 POUNDS FOR A DELIVERY UP TO THREE MONTHS, SIX MONTHS AND NINE MONTHS RESPECTIVELY.

5. THE RUPEE-DOLLAR EXCHANGE RATE USED BY THE USDO WAS DOL1.00 EQ RS. 9.07 ON SEPTEMBER 29 AND WAS REVALUED TO DOL1.00 EQ RS. 8.88 ON SEPTEMBER 30.

6. COMMENT: IN LIGHT OF THE CONTINUED FALL IN THE VALUE OF THE POUND THIS MOVE BY THE RBI WAS NOT UNEXPECTED. THE RBI HAS BEEN CONSISTENT IN REVALUING THE RUPEE WHENEVER THE RUPEE-DOLLAR EXCHANGE RATE REACHES AROUND DOL1.00 EQ RS. 9.10. SAXBE

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